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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
SRI LANKA

IPF:(1987-91) $50 000 000

(SRL/89/007) - Development of Social Security

Date of approval by the AC:[1/]	28 August 1991
Expected duration:	Three Years
Proposed executing agency:	ILO
Government implementing agency:	Social Security Board (Ministry of Labor & Vocational Training)
Proposed UNDP contribution:	$833 800 Source of funds: IPF

Project background

The lack of a national social security protection system in Sri Lanka has complicated the Government's efforts to restructure the economy. The unavailability of pension schemes and other social security benefits in most private sector employment, the inadequacy and low standard of existing social security benefits, scattered responsibility for sector programmes, the lack of comprehensive planning, the lack of protective legislation for Sri Lankan workers abroad, and ineffective targeting of relief and public assistance schemes have prompted the Government to take measures to provide more comprehensive, effective and efficient systems of social security protection for employees, the self-employed, and nationals working abroad.

Efforts to achieve this objective are reflected in more than a decade of study, review and tripartite discussions between employers' representatives, trade unions and Government. Several conferences and workshops were held and a UNDP financed, ILO executed technical assistance project took place in 1982/83 to design a social insurance pension scheme. Recent structural adjustment policies recommended by the World Bank aiming at rationalizing the public sector, reducing its claim on resources and supporting development of the private sector have given these efforts greater significance and impetus. The World Bank has made conversion of the Employees Provident Fund (EPF) into an Employees Pension Scheme (EPS) a condition for release of the second tranche of its Economic Restructuring Credit.

In 1989 the Cabinet approved this conversion as a first stage in establishing a National Social Security Scheme to be followed by the incorporation of Government subsidized schemes and the creation of a government funded scheme to provide social security benefits to those who are unable to contribute.

[1/] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

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UNDP's past involvement and its commitment to the infrastructure development as applied to social welfare under the Fourth Country Programme justify UNDP's assistance. To this end, the Government has requested UNDP assistance under the present approval.

Description of project

The development objective of the project is to provide more comprehensive, effective and efficient systems of social security protection for employees, the self-employed and nationals working abroad.

The immediate objectives of the project are to: (a) upgrade the administrative performance of the EPF under the Social Security Board for introduction of the EPS; (b) develop the capacity of the Social Security Board (SSB) to organize and administer the EPS; and (c) complete plans covering policy, technical and financial aspects for further phases of development of the National Social Security Scheme.

Project activities will include: (a) conducting administrative re-organization and procedures of the EPF and SSB; (b) establishing an operational plan to overcome present short-comings; (c) improving efficiency in enforcement, contribution processing and claim settlement, staff training in EPF and SSB and the establishment of a training department in the SSB; (d) conducting a feasibility study on computerization of the EPS administration; (e) training staff in pension administration and computer programming; (f) establishment of an EPS computer system, a computer section in the SSB, and a draft Social Insurance Scheme for employment, injury, sickness and maternity; (g) revision of regulations of the Social Security Benefit Act; (h) making recommendations regarding the farmers and fishermen pension schemes; and (i) preparing proposals for Social Security Protection of Sri Lankans working in the Middle East and a programme for development of the National Social Security Scheme.

Inputs

UNDP will provide 24 work-months for a project co-ordinator/expert in social insurance, 12 work-months for an expert in social security computerization, nine work-months for an expert in social security training, four work-months for a social security actuary, four work-months for a consultant in social security planning, 26 work-months of national consultancies in the fields of data base systems, staff training, EDP systems and EDP training; 20 short-term fellowships in developing countries in Asia; four study tours, in-service training; training and office equipment; administrative support, duty travel and mission costs; and miscellaneous costs.

Financial data

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Personnel	590 600
Training	163 300
Equipment	68 500
Miscellaneous	11 400
Total	833 800